

Message Text

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ACTION ARA-10

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FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC 2949

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E.O. 11652 N/A

TAGS: ECON, EFIN, DR

SUBJECT: PRESIDENT BALAGUER'S ANNUAL REPORT TO CONGRESS: GODR AGENCY
CASTIGATED FOR FINANCIAL LOSSES

1. IN HIS ANNUAL REPORT TO CONGRESS FEBRUARY 27, PRESIDENT BALAGUER EMPLOYED UNUSUALLY STRONG LANGUAGE IN CRITICIZING THE OPERATION DURING THE PAST YEAR OF THE GODR'S INSTITUTE FOR STABILIZING PRICES (INESPRE). IN A SECTION OF THE SPEECH DEALING WITH THE DR'S BALANCE OF PAYMENTS, BALAGUER SAID, QUOTE IF WE WANT TO BE PRECISE AND CLEAR, WE CANNOT, IN THIS ANALYSIS, AVOID THE DISASTROUS POLICY FOLLOWED DURING 1974 BY INESPRE, AN ORGANIZATION WHICH EVIDENTLY ABUSED THE PERROGATIVES CONFERRED UPON IT BY ITS STATUS AS AN AUTONOMOUS AGENCY IN IMPORTING FOOD ITEMS, OFTEN UNNECESSARILY. ONE OF THE SHORTCOMINGS OF OUR ADMINISTRATION IS THE PROLIFERATION OF AUTONOMOUS INSTITUTIONS WHICH GENERALLY OPERATE WITHOUT ANY SENSE OF ECONOMICS. END QUOTE

2. COMMENT: IN AN EFFORT TO HOLD DOWN FOOD PRICES BY GOVERNMENT SUBSIDY, INESPRE LAST YEAR IMPORTED LARGE QUANTITIES OF FOOD GRAINS AND SOLD THEM DOMESTICALLY AT A LOSS. IN THE PROCESS OF DOING SO, HOWEVER, INESPRE EXHIBITED A POOR SENSE OF TIMING IN MAKING INTERNATIONAL PURCHASES, RESULTING IN A LOSS OF ABOUT \$90 MILLION TO THE GODR. THE HEAD OF INESPRE WAS TRANSFERRED TOWARD THE LATTER PART OF LAST YEAR TO A LESSER GOVERNMENT POYT. SUCH MONETARY LOSSES ARE OBVIOUSLY DEEPLY OFFENSIVE TO BALAGUER'S

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SENSE OF TIGHT MANAGEMENT OF GOVERNMENT REVENUES.

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Message Attributes

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